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**"The Market and the Origins of American  
Economic Development, 1750-1850"**

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History Conference Room, Bunche 6275  
UCLA

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**The Market and the Origins of American  
Economic Development, 1750-1850**

The success of the early American economy lay in its ability to develop extensively and intensively at the same time. Expansion across the land and the development of new forms of production and exchange resulted in per capita income growth -- growth that, though it fluctuated, occurred for much of the period from 1750 to the American Civil War. This was only the prelude to even faster later-nineteenth century growth and capitalist consolidation that made the United States the world's largest industrial producer, and North America its largest agricultural producer as well.

Economists and economic historians traditionally attributed American development to market expansion, seeing it as proof of the efficacy of a self-regulating price mechanism, coordinating supply and demand. The theoretical underpinning for this view lay in Adam Smith's argument that development would result from increased productivity, that productivity was determined by the division of labor in society, and that the extent of the division of labor was, in turn, determined by the extent of the market.<sup>1</sup> The undoubted significance of markets in American history and the long-standing importance of a laissez faire ideology to Americans' self-perceptions reinforced the argument that "the market" was an independent, autonomous explanation for American economic success.

But an increasing number of scholars have suggested that market expansion, though necessary to American development, was not a sufficient explanation for it. I shall argue in this paper that during the

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<sup>1</sup> Adam Smith, *An Enquiry into the Nature and Causes of the Wealth of Nations* 2 vols. (London, 1776): I, book 1, ch. 3.

1750-1850 period, when crucial foundations for development were laid, the expansion of markets, far from being an independent, autonomous process, was more the result of other conditions and changes in American society. Only with the evolution of a national market by the middle of the nineteenth century did market activities become relatively independent of local and regional structural and cultural conditions. Adam Smith himself realized that "the extent of the market" was rooted in a broader set of circumstances -- geographical, demographic, and social -- that he left as a largely unexplored "hidden half" of his analysis. Such circumstances would play a crucial role in determining where, how and to what extent economic development would proceed. As Diane Lindstrom has recently written, there is a need for economic historians "to reconsider our often narrowly economic and market-based approach to history."<sup>2</sup>

Broader frameworks for explaining economic development have been influential. Two, in particular, the "staples thesis," focusing on the developmental role of crop exporting regions; and world-system theory, addressing the relationships between core and peripheral regions in the international economy, have dwelt on the influence of external economic activities on internal developments. But each has limits for the American case. The staples thesis can be applied to certain regions at different periods -- to the plantation South, and to crop-exporting parts of Canada and the Great Plains in the later nineteenth century -- but explains little about the mixed agricultural and industrial development of the Northeast and Upper Midwest. World-system theory, while viewing American development in the context of the wider Atlantic economy, cannot readily explain how colonial "peripheral" regions so rapidly turned themselves into "core" regions in the nineteenth century.<sup>3</sup> Many aspects of this change were internally generated. To explain it we must

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<sup>2</sup> Diane Lindstrom, review of W. T. Easterbrook, *North American Patterns of Growth and Development: The Continental Context* (Toronto, 1990) in *Journal of Economic History* 53 (1993): 211.

<sup>3</sup> Douglass C. North, *The Economic Growth of the United States, 1790-1860* (Englewood Cliffs, N.J., 1961); Immanuel Wallerstein, *The Modern World-System III: The Second Era of Great Expansion of the Capitalist World-Economy, 1730-1840* (San Diego, 1989).

focus on the American economy's internal dynamics.

That is why, since the 1970s there has been much debate over the sources of change in the American countryside. Rejecting the traditional assumption that rural development was merely a response to market penetration from the port-towns and Atlantic commerce, Michael Merrill, James Henretta and others began to explore the cultural values and household strategies that shaped rural life in early America, and to trace how these changed in the eighteenth and nineteenth centuries to produce new patterns of capitalist development.<sup>4</sup> Again, two lines of argument emerged, that Allan Kulikoff dubbed the "market" and "social" interpretations of change. At first the debate resolved around largely quantitative questions, concerning the measurable extent to which American farmers in the colonial and early national periods were, or were not, engaged in the production and consumption of goods traded in distant markets. But, as protagonists of the "social" interpretation always insisted, the issue was not whether markets existed -- that was never in doubt -- it was the extent to which values, attitudes, and economic decisions dictated by market considerations were foremost in determining patterns of production. "Market" interpretations stress the increasing influence of market mechanisms (above all, price coordination) in determining the allocation of capital, labor and produce. Advocates of a social interpretation have insisted that such decisions were also shaped by family values, and by circumstances arising out of the structure of household-based economies. They suggest that it is impossible to understand the workings of markets, and hence their influence on economic development, without an understanding of the social and cultural contexts within which they operate.<sup>5</sup>

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<sup>4</sup> Michael Merrill, "'Cash is Good to Eat': Self-Sufficiency and Exchange in the Rural Economy of the United States," *Radical History Review* 3 (1977): 42-71; James A. Henretta, "Families and Farms: *Mentalité* in Pre-Industrial America," *William and Mary Quarterly* 35 (1978): 3-32; Christopher Clark, "Household Economy, Market Exchange and the Rise of Capitalism in the Connecticut Valley, 1800-1860," *Journal of Social History* 13 (1979-80): 169-189.

<sup>5</sup> Allan Kulikoff, "The Transition to Capitalism in Rural America," *William and Mary Quarterly* 46 (1989): 120-144 reviews the debate and provides a full set of references. See also Winifred B. Rothenberg, *From Market-Places to a Market Economy: The Transformation of Rural Massachusetts, 1750-1850* (Chicago, 1992), collecting together essays some of which had been published during

The "market"/"social" debate has now reached a new consensus, that takes both sides of the argument into account. Several historians have pointed out that there has been little difference, except in emphasis, between the findings of different protagonists in the debate. In the colonial and early national periods at least, there was a symbiosis between the functions of markets and the non-market concerns of rural families and households. Daniel Vickers showed that household production for use, local exchange, and market sale went on together, and could be adapted to similar purposes. Kulikoff has suggested a synthesis based on the interaction of "households and markets." There is little disagreement that markets and household concerns interacted, and that each played significant parts in determining the shape of early American economic life.<sup>6</sup>

This new consensus, though, has so far done more to describe aspects of rural economic culture than it has to explore the dynamic sources of economic development. A broader explanatory framework incorporating it will need to address two sets of issues, the timing of economic change and the unequal regional distribution of development. If we look at North America in general, we can see that the picture of unalloyed economic success needs qualification. There were significant regions, including large parts of Mexico and the Caribbean, Appalachia, Quebec, Atlantic Canada and Newfoundland, whose growth was significantly slower than that elsewhere. Even within the rapidly-growing parts of the United States and Canada, there were very significant variations in the experiences and trajectories of different regions. In addition, there are at least three sets of views concerning the timing of American economic change. One

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the 1980s; Christopher Clark, *The Roots of Rural Capitalism: Western Massachusetts, 1780-1860* (Ithaca, N.Y., 1990); Allan Kulikoff, *The Agrarian Origins of American Capitalism* (Charlottesville, Va., 1992); Susan Archer Mann, *Agrarian Capitalism in Theory and Practice* (Chapel Hill, 1990).

<sup>6</sup> Daniel Vickers, "Competency and Competition: Economic Culture in Early America," *William and Mary Quarterly* 47 (1990): 3-29; Allan Kulikoff, "Households and Markets: Toward a New Synthesis of American Agrarian History," *William and Mary Quarterly* 50 (1993): 342-355; Martin Bruegel, "The Rise of a Market Society in the Rural Hudson Valley, 1780-1850," (Ph.D. diss., Cornell University, 1994).

group of colonial historians has continued to develop the traditional view that America has always been dominated by markets, that "capitalism arrived in the first ships" and has shaped development since. This implies a continuous process of economic development rooted in values that have essentially remained unchanged from the seventeenth century to the present.<sup>7</sup> A second view suggests that American development was marked by discontinuity, and that a major turning-point accompanied the political and social upheavals associated with the American Revolution. Though significant growth and change had occurred in the colonial period, the fresh circumstances and ideological ferment of the new republic provoked both an intensification of existing economic activities and a search for new ones, propelling the United States onto its developmental path.<sup>8</sup> However, I would draw attention to a third line of argument that, while accepting many of the conclusions of the second, sets the American Revolutionary period in context as part of a longer series of changes and discontinuities in American economic growth. No one "turning-point" was alone critical to the process, but several, including the land bank and currency disputes of the 1740s, and the mid-century expansion of American trade; the Revolution and the upheavals of the 1780s; the fresh expansion and fertility transition of the 1810s and 1820s; the new immigration and economic revival of the 1840s; the Civil War and its aftermath. In each case, though, the shifting patterns of economic development varied according to social circumstances.<sup>9</sup>

Only over time did "markets" emerge as relatively autonomous, rather than dependent variables in the

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<sup>7</sup> Stephen Innes, "Introduction," in Innes, ed., *Work and Labor in Early America* (Chapel Hill, 1988), pp. 3-47; John Frederick Martin, *Profits in the Wilderness: Entrepreneurs and the Founding of New England Towns in the Seventeenth Century* (Chapel Hill, 1991).

<sup>8</sup> James A. Henretta, "The War for Independence and American Economic Development," in Henretta, *The Origins of American Capitalism: Collected Essays* (Boston, 1991); Joyce Appleby, *Capitalism and a New Social Order* (New York, 1983); Gordon S. Wood, *The Radicalism of the American Revolution* (New York, 1992); idem., "Inventing American Capitalism," *New York Review of Books*, June 10, 1994.

<sup>9</sup> This develops the argument I made in Clark, *Roots of Rural Capitalism*, chs. 1 and 9.

processes of change. The growth of market coordination as a central facet of economic life must be understood as a social process. The rapid expansion of North American economies between 1750 and 1850 was attributable principally to the effects of population growth and land settlement, and to social-structural and cyclical conditions that were associated with, or interacted with these conditions. The motivation to produce agricultural or manufactured goods, and to direct them at household, local or market sale, was shaped by class and cultural considerations, by access to resources, and by population movements, family strategies and life-cycle effects as well as by the growing culture of commerce and profit-seeking. Class structures, and their interactions and articulation between North and South, old regions and the frontier, and between urban centers and rural regions, conveyed the influences that shaped the timing and differential development of North American economies.

The argument that follows has three parts. The first discusses a cyclical aspect of American economic development that was associated with the settlement of new land, evident from the founding of the colonies in the seventeenth century to the settlement of frontier regions in the nineteenth. The second explores the relationship between capital and the control of land and labor in America from the late eighteenth century onward. Both sections suggest that the dynamics of economic *development*, as distinct from mere *growth*, were associated with a tendency to move away from markets rather than towards them; only during the nineteenth century was this tendency reversed.<sup>10</sup> Thirdly, I shall examine the influence of social-structural conditions on the development of two of the most rapidly-changing nineteenth century regions, southern New England and the Mid-Atlantic region.

## I

Arguments about market-orientation and trade in America have sometimes paid insufficient attention

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<sup>10</sup> For a succinct explanation of the distinction between economic growth and economic development, see James A. Henretta, *The Evolution of American Society, 1700-1820* (Lexington, Mass., 1973).



to the realities of opening and settling "new" land. From the seventeenth century to the nineteenth, local patterns of economic activity and market engagement were shaped by developmental cycles in the creation and extension of land settlement. The early colonial period established a pattern that was to be repeated with modifications over the next two centuries.

Most American colonies began as commercial ventures, but did not uniformly or consistently remain so. Relations with England shifted over time, as population grew in the colonies and the establishment of stable settlements enabled a greater amount of production for subsistence to take place. Though exports of commodities such as tobacco and rice continued to shape the emergence of farming and planter economies in the southern colonies, colonial demand for European goods actually fell in relative terms as the settlement cycle advanced. Between the 1690s and the 1740s the per capita value of colonial imports from Britain was lower than it had been earlier in the seventeenth century. Only after 1740, as the colonies entered a new phase of economic expansion and strengthened their relationships with the mother country, did imports again rise in per capita terms. So it is possible to talk of a colonial retreat from market dependence in the first half of the eighteenth century, and to suggest that markets did not in this period have the dynamic impact on economic development that they later appeared to gain. Christine Heyrman's study of commerce in Massachusetts port towns has stressed the essentially conservative, backward-looking character of local elites and the absence of an ethic of economic progress comparable with that which would emerge in the ideological ferment of the revolutionary period.<sup>11</sup>

There was some kind of shift in colonial economic activity in the 1740s. Winifred Rothenberg has noted the advent of farmers' account books in rural New England. Joseph Ernst, Gary Nash, John L. Brooke and others have traced the impact of debates about coinage and land banks in the same decade. Findings by historians of consumption correlate with trade statistics in suggesting the beginnings of a rise in colonial

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<sup>11</sup> Henretta, *Evolution of American Society*, p. 42, t. 2.1; Christine Leigh Heyrman, *Commerce and Culture: The Maritime Communities of Colonial Massachusetts* (New York, 1984).

demand for internationally-traded commodities and manufactured goods. The colonial period as a whole, therefore, did not represent a continuously growing engagement with markets, but a series of reverses in strategies that would leave different regions in contrasting relations with the overall pattern of Atlantic commerce. This "developmental cycle" was to be repeated in the process of westward expansion before and after the American Revolution.

Newly settled backcountry regions displayed a comparable pattern in their dealings with the coast. Early contacts along the frontier with native American people were often structured by the search for trade goods from the interior. Colonists came into contact with groups whose economies were firmly outside the market tradition, and though they established market relations with them, often adopted aspects of a native American way of life. The "middle ground" that, according to Richard White and others, emerged in the zones of intercultural contact along the American frontier in the eighteenth century, combined aspects of market and non-market cultures in a mix that would only be dislodged by further waves of white settlement as time went on.<sup>12</sup> Fur-trapping and other trade were followed by farm settlement and a high initial dependence on imported goods for community survival and basic comforts. These imports were usually paid for by shipments of forest and other products to coastal ports. Settlers in the Hudson and Connecticut River valleys sent pot- and pearl-ashes, lumber and masts to the coast to pay for necessities. Coastal settlers in late eighteenth century Maine started their farms by shipping off lumber from cleared land down the coast to Boston for sale as firewood. Early settlers also depended on acquiring goods at a distance because their personal and credit connections were initially stronger where they had come from than from where they now lived. From the Carolinas to Maine, most areas of early frontier settlement underwent this initial "extractive"

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<sup>12</sup> Richard White, *The Middle Ground: Indians, Empires and Republics in the Great Lakes REgion, 1650-1815* (Cambridge, Eng., 1991), esp. ch. 3; Daniel H. Usner, Jr., *Indians, Settlers and Slaves in a Frontier Exchange Economy: The Lower Mississippi Valley before 1783* (Chapel Hill, 1992); Gregory E. Dowd, *A Spirited Resistance: The North American Struggle for Unity, 1745-1815* (Baltimore, 1992)

phase.<sup>13</sup>

But as settlement proceeded exports to the ports tended to get absorbed in the needs of local economies, which were achieving a degree of self-sufficiency through population growth, the establishment of farming, and the availability of skills. In this second, "farming" phase, a region's market dependence was determined by the family strategies of settler families and their purposes in moving. Though some areas, such as the Susquehanna Valley, started to be extensions of the eastern Pennsylvania wheat belt and secured strong links to the coast, others, such as interior New England, parts of upstate New York, and the Appalachian backcountry shifted towards regional self-sufficiency. The completion of settlement and the establishment of farms permitted a degree of import-substitution, and a local division of labor, and this occurred on newly-opened land in the nineteenth century, as it had in the colonies in general in the late-seventeenth.<sup>14</sup> Only over time, and more rapidly in staple regions than in diversified subsistence-surplus regions, did the amount and dependence on long-distance trade tend to rise again.

This early developmental cycle should not be confused with the stable emergence of market contacts, and helps place in context many recent findings about the consumption patterns of early Americans. Evidence of a "consumer revolution" and its impact on Americans' consciousness and economic behavior is being found for most areas of the colonies before the American Revolution, and aspects of it pushed back into earlier periods. Demand for consumption goods, it is often suggested, not only came to structure Americans' productive activities and their relations with an expanding transatlantic market, but also came to have a profound impact on the ideology of economic and political life itself. Timothy Breen has argued

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<sup>13</sup> Alan Taylor, "The Expansion of Rural Society," paper presented to the Annual Conference of the Society for the History of the Early American Republic, Sturbridge, Mass., July 1988. On credit, see Clark, *Roots of Rural Capitalism*, p. 69.

<sup>14</sup> Peter C. Mancall, *Valley of Opportunity: Economic Culture along the Upper Susquehanna, 1700-1800* (Ithaca, N.Y., 1991); on import-substitution, see, e.g., Gloria L. Main, "Gender, Work and Wages in Colonial New England," *William and Mary Quarterly* 51 (1994): 61.

that the importance of consumption goods helped shape American attitudes to Britain in the middle of the eighteenth century and so to bring on the conditions for the American Revolution. Gordon Wood has suggested that the attachment to consumption goods helped reverse Americans' habitual condemnation of work as a curse, and to lay the foundations for the liberal association of work, expanded production and the acquisition of refined decencies as the turning point in American economic development.<sup>15</sup> Three sets of points need to be made here, however. First, such acquisitions in American households in some ways reflected the already substantial material advances that had been made in seventeenth century European countries, including England, pursuit of which formed part of the American effort to catch up with standards of living that had been foregone at migration. Second, studies of consumption patterns in newly-settled regions often fail to take into account the initial strong dependence on imported goods that the early settlement cycle imposed, that would be followed by a period of local consolidation and import-substitution. Third, the economic and ideological interconnections between consumption and the market were by no means as straightforward as the consumer revolution thesis implies. The pursuit of refinement was by no means uncontentious in the eighteenth century, and the dispute with Britain and the Revolution itself revealed important strands of condemnation and restraint.<sup>16</sup>

Only in the nineteenth century did this developmental cycle become strongly shaped by the existence of a well-articulated national market for goods and labor, as the extension of settlement using commercial resources, and into areas like the prairies with slender natural resources of their own, linked the settlement process closer and closer to national market fluctuations. Although this cyclical effect was less powerful by

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<sup>15</sup> T. H. Breen, "'Baubles of Britain': The American and Consumer Revolutions of the Eighteenth Century," *Past and Present* 119 (1988); Wood, "Inventing American Capitalism."

<sup>16</sup> Elizabeth A. Perkins, "The Consumer Frontier: Consumption in Early Kentucky," *Journal of American History* 78, no. 2 (1991): 486-510; Barbara Clark Smith, "Food Rioters and the American Revolution," *William and Mary Quarterly* 51 (1994): 3-38.

the mid-nineteenth century, it was still evident in many parts of the newly-settled Midwest. Market-dependence was in places structured by local ecological, rather than purely economic considerations: as William Cronon has recently shown, the Chicago lumber-market, drawing on the forest products of the Upper Great Lakes Region, was founded on the needs of new settlements in the prairies that rapidly exhausted scarce stands of trees, and for whom local supply of lumber was often an impossibility.<sup>17</sup> The smoothing out of the development cycle in new settlements was a consequence of the wider process of development by that time shaping the American economy in general.

## II

A critical precondition for American development lay in the relationships between colonial and early national elites and the sources of economic power. Largely because the North American colonies had been colonies of settlement, rather than purely colonies of exploitation, the main groups exercising landed or commercial power in North America had strong roots in the colonies themselves. These "creole elites" would prove crucial. Unlike parts of the Caribbean, where many British, French and other European planters saw their sojourns in the colonies as temporary, and where portions of the landed classes were actually based in Europe, most members of the planter elites of the American South were settled in the colonies themselves. Similarly, unlike many parts of Latin America and the Caribbean, the commercial towns of the Northeast seaboard were dominated by a merchant class made up of colonial residents. In the late colonial period both southern and northern contacts with Britain became deeper and more complex, but the majority of both elites remained colonials, whose property and interests were rooted in North America, not Europe.<sup>18</sup>

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<sup>17</sup> William R. Cronon, *Nature's Metropolis: Chicago and the Great West* (New Haven, 1991), ch. 4.

<sup>18</sup> Benedict Anderson, *Imagined Communities: Reflections on the Origin and Spread of Nationalism* (London, 1983), ch. 4; John H. Coatsworth, "Notes on the Comparative Economic History of Latin America and the United States," in Walther L. Bernecker and Hans Werner Tobler, eds., *Development*

The immediate, momentous consequence of this was, of course, political. The leadership of the planter elite in Virginia, the support of radical sections of the commercial elites in the North, and the susceptibility of many conservative merchants to popular and radical pressure, helped bring about American independence. Loyalists left or were dispossessed, but the revolution, far from destroying elite power, helped identify the interests of the elites who supported it with the evolution of a new "national" economy in the decades that followed. This identification made the United States more similar to European commercial and industrial powers (and later developers like Japan) than to other colonial and post-colonial regions of the eighteenth and nineteenth centuries. Quebec's indigenous merchant class, for instance, had lost its political power through British conquest. Newly independent states in Central and South America would gain political autonomy, but lacked strong indigenous merchant classes. In the United States, sources of wealth and political power were located within the same political boundaries.

The identification between economy and nationhood applied throughout the early United States, but took contrasting forms in different regions. Southern elites, based on plantation agriculture and the ownership and control of chattel slaves, had relatively weak mercantile interests and had been historically reliant on outsiders (many from England, Scotland or the northern colonies) for commercial services. Northern elites were more strongly rooted in commerce, but had weak ties to the land. This distinction was to shape evolving patterns of American development between the late eighteenth and mid-nineteenth centuries.

The South was the main region to conform to the patterns predicted by the "staples thesis," but its experience confirms the hypothesis that economic development, as opposed to mere expansion, occurred in inverse proportion to a region's international market dependence. The South was, and would remain, dominated by the production of staple exports for European markets: of tobacco, rice, naval stores and indigo in the colonial period and, increasingly, of cotton from the late eighteenth century onward. Slavery,

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*and Underdevelopment in America* (Berlin, 1993), 10-30.

large estates and market ties permitted the principal American exception to the general rule that only small and medium-sized farms were feasible where land was abundant and feudalism absent. Despite the huge contribution of Southern exports to United States overseas earnings, the region remained, in comparison with the Northeast, relatively undeveloped, heavily dependent on Northern and imported industrial goods and commercial services, and with lower rates of industrialization, urbanization and indigenous sources of development capital.

The "staples thesis" attributed these conditions to the South's "comparative advantage" in export-crop production, dictated by the impartial workings of the market. Yet the most convincing explanations of southern economic history have been those that stressed the distinctive consequences of a social and labor system based on chattel slavery. Gavin Wright has demonstrated how staple production and local self-sufficiency in foodstuffs was shaped by the ownership and distribution of slaves. He and others have attributed the underdevelopment of the South to the economic and social implications of slaveholding. Even non-slave regions remained largely undeveloped in the context of the political and cultural domination of a slaveholding class, and the pervasive influence of racism. Local variations in crop production are traceable to the interaction of economic strategies with social structures and wealth distribution.<sup>19</sup>

Although their real property holdings provided an important source of financial security and local influence, northern elites, by contrast, were not predominantly based on the land. They took their power from commercial wealth and connections, and from local legal, judicial, ecclesiastical or military influence. Few parts of the American countryside were unaffected by market developments in the eighteenth century and, as Cathy Matson has recently written, contacts between rural interiors and Atlantic commerce were

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<sup>19</sup> Gavin Wright, *The Political Economy of the Cotton South* (New York, 1978); idem., *Old South, New South* (1986); David F. Weiman, "Staple Crops and Slave Plantations," in Lou R. Ferleger, ed., *Agriculture and National Development: Views on the Nineteenth Century* (Ames, Ia., 1990); see also Eugene D. Genovese, *The Political Economy of Slavery* (New York, 1965); Steven Hahn, *The Roots of Southern Populism: Yeoman Farmers and the Transformation of the Georgia Upcountry, 1850-1880* (New York, 1983).

sustained and mediated by intermediate merchants, operating in local commercial centers. Nevertheless, as Matson says, the operations of these merchants were influenced by the incomplete extent of market participation and development in the hinterland regions of ports such as New York and Boston.<sup>20</sup> In many localities, post-revolutionary elites were shifting or declining in power, or were in material terms not greatly distinguishable from the bulk of property-owning citizens. In an economy dominated by modest freehold farms, without slavery or serfdom, few opportunities existed for elites to control rural labor, or extract profit directly from working the land. The demographic pressure on land-settlement, leading more young men to seek livelihoods in non-farming occupations, increased the proportion of the northern population separated from the land, and fostered efforts to redirect the investment of capital into fresh economic activities.

This process of diversion was one of the major roots of American capitalist development and the intensification of production that took place during the nineteenth century.<sup>21</sup> The most dynamic parts of the American economy lay in regions where elites became marginalized from agriculture. On one hand, they sought to make their fortunes in other ways, and began to deepen their investments in trade, transport and manufacturing. On the other, the fact that they failed to dominate agriculture helped structure both the activities of farmers and elites' relationships with them. The characteristics of class development in many parts of the American North and Midwest were based not on antagonism over the control of land, but on more fluid and indirect relationships connected with exchange and the control of labor.

The conquest and settlement of the trans-Appalachian West from the late eighteenth century onwards had profound effects on this process of capital diversion. Although at first it opened a vast speculative land market to potential exploitation, the initial expectations of the elites who dominated the early land market

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<sup>20</sup> Cathy Matson, " 'Damned Soundrels' and 'Libertisme of Trade': Freedom and Regulation in Colonial New York's Fur and Grain Trades," *William and Mary Quarterly* 51 (1994): 389-418.

<sup>21</sup> I have made this argument in more detail in Christopher Clark, "Agrarian Societies and Economic Development in Nineteenth Century North America," in Bernecker and Tobler, eds., *Development and Underdevelopment in America*, pp. 194-212.



were rarely to be fulfilled in the ways they had anticipated. Whereas in the South successful land speculation was possible in areas that could be opened up to plantation slavery, returns from sales of farming land in the Old Northwest and other "Northern"-settled regions were rarely lucrative. The availability of other land reduced opportunities for speculative profits in an economy -- unlike that of the cotton South -- where large incomes were not quickly to be made from farming. Moreover, the political pressures that secured increasing rights to squatters and smallholders diminished the value of many speculatively-held tracts.<sup>22</sup> The risks and costs of agricultural production were left largely to the millions of small and medium-sized landholders who farmed the land. Entrepreneurial investment was most successful in commercial, transportation and manufacturing activities that serviced the rural economy, rather than in the direct production of crops and control of labor. Capitalist development, that deepened markets and made them more specialized, was the result. Accordingly speculative profits in land were most likely to be gained by those who were fortunate or nimble enough to invest in what turned out to be successful town developments, where commercial functions became concentrated. The Tappan family of Northampton, Massachusetts, with apparently hopeless land investments in various parts of Ohio around 1800, came into considerable wealth only when, more by luck than by good judgement, some of their holdings became part of the burgeoning new town of Cleveland. Urban wealth in older cities was also substantially rooted in property development, as capitalist development deepened. So the diversion of capital from farming to other activities, shaped by the social characteristics of northern farming, created a dynamic link between the expansion of population across the landscape and the development of economic activities in older-settled regions.<sup>23</sup>

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<sup>22</sup> On land speculation, see Daniel M. Friedenber, *Life, Liberty and the Pursuit of Land: The Plunder of Early America* (Buffalo, N.Y., 1992), and Charles Brooks, *Agrarian Conflict and the Market Revolution: The Holland Land Purchase of New York* (Ithaca, N.Y., forthcoming).

<sup>23</sup> See Bertram Wyatt-Brown, *Lewis Tappan and the Evangelical War against Slavery* (1969; reprint ed., New York, 1971), pp. 1-2; Elizabeth Blackmar, *Manhattan for Rent, 1785-1850* (Ithaca, N.Y., 1989), pp. 14-44.

### III

That development was, moreover, also shaped by social structures. A comparison of two of the most rapidly developing regions of the 1750-1850 period, southern New England and the Philadelphia region, suggests that market and industrial growth followed patterns laid down by pre-existing social conditions. Relationships between households and the land, the distribution of land and wealth, the character of available labor and the gender division of labor in households all influenced the shape of nineteenth century manufacturing, but in different ways in different circumstances.

Much of late-colonial rural New England was engaged in producing non-staple crops on mixed farms for household, local or intraregional consumption. Labor, in a farming economy somewhat detached from patterns of international trade and unattractive to migrants from Europe, was provided mainly from within farm households, or exchanged locally. Craft production and household manufacture of textiles and other necessary items also fitted into this pattern of local exchange. Land shortage in older settled regions provoked outmigration, at a growing rate after the American Revolution, but it also stimulated an intensification of farm and household production between 1780 and 1820, as rural households attempted to make their livelihoods on scarcer land and pinched resources. The result, in this largely freehold-farming economy, was that the groundwork was laid for an industrial revolution.<sup>24</sup>

The emergence of large-scale capitalist enterprises did not come about directly or straightforwardly from this rural base, however. Much early manufacturing, in a variety of trades, grew up in workshops or in rural households. A characteristic of industrial location in early nineteenth century New England was that it spread widely across the landscape, not at first primarily to follow sources of water-power for machinery, but to find pockets of labor and capital in the interstices of the rural economy. In many trades, where small scale and simple technology meant that requirements for working capital exceeded those for fixed capital, access to existing networks of local credit and debt was sufficient to sustain production. Manufacturers

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<sup>24</sup> Clark, *Roots of Rural Capitalism*, pp. 93-105.

remained closely linked to farming; many people carried out manufacturing tasks as a form of by-employment, and the availability of labor, both male and female, for these tasks was often intermittent.<sup>25</sup> People put together a mixture of occupations in order to make their livelihoods. Until the 1812 War and after, when larger amounts of merchant capital were invested in mechanized cotton production, these constraints on labor-supply -- the result not of a shortage of people, but of the structure of a diversified rural economy -- often restrained the establishment of large manufactories, or contributed to their rapid failure.

So the first phase of New England's manufacturing expansion was deeply embedded in existing social structures. That these also continued to shape many of the larger-scale developments which accompanied the extension of investment and entrepreneurial control of manufacturing from the 1810s onward can be illustrated by the examples of four distinct strands in the process: textile factories based on the "Rhode Island" or "family" system; the larger textile mills of the "Waltham-Lowell" system; outwork and central shop organization in the shoe industry of eastern Massachusetts; and the development of rural outwork networks in a variety of other trades from the 1820s to the 1850s.

All these developments rested to some degree on two parallel changes in the New England countryside between about 1810 and 1830. First, rural fertility rates rose and then peaked in this period, creating exceptional pressure of population on scarce land. This pressure was relieved somewhat by widespread workshop and household-based rural manufactures, that also had the effect in some districts of restraining outmigration. Second, a combination of the pressure of work within households, and the progressive decline in the price of factory-produced cloth induced many rural families to abandon household textile production. Both shifts, occurring over this period, had the effect of increasing the labor available to industry.

Textile mills run on the "family" system recruited men, women and children to live in factory villages,

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<sup>25</sup> Christopher Clark, "Social Structure and Manufacturing before the Factory: Rural New England, 1750-1830," in *The Workplace before the Factory: Artisans and Proletarians, 1500-1800*, ed. Thomas Max Safley and Leonard N. Rosenband (Ithaca, N.Y., 1993), ch. 1.

sometimes providing land for men to farm as tenants, while employing women and children in textile production, often providing work for whole families or in combination with other occupations for parts of them. Mills of this sort, widely scattered across New England, drew upon the availability of families dislocated from the land, and later drew also on immigrant workers.<sup>26</sup> The Waltham-Lowell system mills, concentrated in a few centers of large-scale water-powered production, recruited heavily from among young farm women, particularly from poorer regions of New England who had, previously, had considerable responsibility for household textile production.<sup>27</sup>

Different degrees of population pressure and land shortage also gave rise to different patterns of outwork production. In eastern Massachusetts and adjacent New Hampshire, where land shortages were becoming acute in the late eighteenth century, the shoe industry organized by merchants in centers such as Lynn and Walpole, Mass., drew in increasing numbers of male and female workers to do stages of the manufacture and assembly of shoes in bulk on a putting-out basis. Gradually, in order to maintain stricter oversight of production, parts of the process were brought into urban central shops, in turn the nuclei of larger shoe factories which would emerge later in the century. But well past the middle of the nineteenth century, shoe manufacturers continued to put some work out to women binders, who worked at home on piece-rates. Patterns of outwork and recruitment of factory labor were both shaped by household structures, poverty and the family life-cycle.<sup>28</sup>

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<sup>26</sup> Jonathan Prude, *The Coming of Industrial Order: Town and Factory Life in Rural Massachusetts, 1813-1860* (Cambridge, Eng., 1983); see also Gary Kulik, et. al., eds., *The New England Mill Village, 1790-1860: A Documentary History* (Cambridge, Mass., 1983).

<sup>27</sup> Thomas Dublin, *Women at Work: The Transformation of Work and Community in Lowell, Massachusetts, 1826-1860* (New York, 1979); idem, *Transforming Women's Work: New England Lives in the Nineteenth Century* (Ithaca, N.Y., 1994), ch. 3.

<sup>28</sup> Alan Dawley, *Class and Community: The Industrial Revolution in Lynn* (Cambridge, Mass., 1976); Mary H. Blewett, *Men, Women and Work: Class, Gender and Protest in the New England Shoe Industry, 1790-1910* (Urbana, Ill., 1988); Dublin, *Transforming Women's Work*, ch. 4.

Where population pressure on land was less drastic, in interior Massachusetts and New Hampshire, and where farming was not in decline, putting-out networks of a different kind were organized in trades such as button-making and palm-leaf hat-making, again drawing particularly on the labor of young farm women who would previously have had responsibility for household textile production. Unlike the other forms of manufacturing work, this outwork fitted particularly into the various demands on members of farm households, and in some ways perpetuated the intermittent earning of income that had sustained early rural manufacturing. Studies of outwork have stressed the social-structural influences on it, its conformity to family life-cycles and the shifting availability of family labor in the household, its relationship to widowhood, poverty and to other occupations. Outwork was not taken up because it was lucrative; it was done by some families because they were desperate for any form of income, but by most who took it because it provided a source of supplementary income which conformed well to the rhythms and demands of the other activities of the farm household.<sup>29</sup>

In each of the cases we have looked at, New England merchants and manufacturers organized their operations and their labor recruitment strategies to fit and exploit the particular social-structural conditions of rural New England. Only with the increase in European immigration in the 1840s and 1850s did employers start to find new sources of labor less constrained by local structural conditions. Meanwhile, long-term patterns in New England's industrialization had been established. Boston's industry, for instance, remained concentrated on import-processing and skilled trades; its difficulty of access to less skilled labor locked up in the patterns of the rural economy prevented the city from becoming a major textile center in its own right. Well into the twentieth century, on the other hand, textile mills outside the Waltham-Lowell system were scattered across the region's countryside, testimony to the rural conditions that had prompted

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<sup>29</sup> Thomas Dublin, "Rural Putting-Out Work in Early Nineteenth-Century New England: Women and the Transition to Capitalism in the Countryside," *New England Quarterly* 44, no. 4 (Dec 1991): 531-573; *idem.*, *Transforming Women's Work*, ch. 2; Clark, *Roots of Rural Capitalism*, pp. 176-189.

their dispersal there two and three generations earlier.

Industrial developments in the parts of eastern Pennsylvania, Delaware, southern New Jersey and Maryland that formed the "Philadelphia region" contrasted in many respects with those of New England. Unlike Boston, Philadelphia itself became a major center of textile manufactures, America's largest until 1850, and mills were concentrated, too, along creeks across the Delaware Valley region. The context in which the region's manufacturing grew up was more complex than that in New England.<sup>30</sup> Patterns of agriculture, occupational structure, demographic pressure on land, international markets and migration all played a role in shaping the region's economic expansion. "Market" influences were more significant than in New England, but even so need to be interpreted within a social framework. As in New England, the structure of rural society played an important role in the process of change.

Unlike New England, much of the Philadelphia hinterland was a staple-exporting region in the eighteenth century, supplying increasing quantities of wheat to the Atlantic market. As Barry Levy has suggested, this commitment to wheat cultivation itself had roots in the social and cultural values of early Quakerism, and German settler groups also entered farm production for market in pursuit of community goals.<sup>31</sup> Crop exports simplified relationships between merchants and rural producers; direct earnings from wheat could finance imported manufactures and other consumer goods. In accordance with Quaker principles patterns of outstanding credits and debits were less problematic than in rural New England. The

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<sup>30</sup> Bruce Laurie, *The Working People of Philadelphia, 1800-1850* (Philadelphia, 1980), Cynthia J. Shelton, *The Mills of Manayunk: Industrialization and Social Conflict in the Philadelphia Region, 1737-1837* (Baltimore, 1986), and Anthony F.C. Wallace, *Rockdale: The Growth of an American Village in the Early Industrial Revolution* (New York, 1978). On the economy of the Philadelphia region see Diane Lindstrom, *Economic Development in the Philadelphia Market Region, 1810-1850* (New York, 1978); Mary M. Schweitzer, *Custom and Contract: Household, Government and the Economy in Colonial Pennsylvania* (New York, 1987); Thomas M. Doerflinger, "Farmers and Dry Goods in the Philadelphia Market Area, 1750-1800," in Ronald Hoffman, et. al., eds., *The Economy of Early America: The Revolutionary Period, 1763-1790* (Charlottesville, Va., 1988), pp. 166-195.

<sup>31</sup> Barry Levy, *Quakers and the American Family: British Settlement in the Delaware Valley* (New York, 1988), pp. 14, 125, 152.

seasonal labor demands of wheat cultivation and the prosperity stimulated by exports combined to create greater social inequality than was common in colonial rural New England.

Particularly in German-settled regions, such as Lancaster County, farmers retained control over family members in order to have labor available for plowing and harvest. Elsewhere, increasing use was made of the labor of servants or of "inmates," landless men and women who lived in cottages on farmers' land in return for rent and labor services to the landowner. In Chester County, west of Philadelphia, the number of inmates expanded from virtually nothing in 1740 to about one-fifth of the population in 1783.<sup>32</sup> The structure of the rural economy was coupled with the expansion of Philadelphia itself in the interaction of local and international migration patterns. Philadelphia served as a magnet for surplus rural labor, while the city and countryside together produced one of the most buoyant regions of North American demand for immigrants. This combination of staple production and a fluent market for rural and urban labor has led some historians to conclude that the essential conditions of industrial capitalism existed in the Philadelphia region by the end of the 18th century.<sup>33</sup> Carville Earle and Ronald Hoffman concluded that the surplus of rural labor generated by the seasonal demands of wheat production contributed directly to the creation of an urban manufacturing workforce, as increasing numbers migrated to Philadelphia in the 1790s and after.<sup>34</sup>

Yet industrialization did not emerge straightforwardly from these conditions. The stagnation of the wheat market from the 1790s on led to a series of adjustments in the rural economy, whose direction was

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<sup>32</sup> Lucy Simler and Paul G.E. Clemens, "The 'Best Poor Man's Country' in 1783: The Population Structure of Rural Society in Late-Eighteenth-Century Southeastern Pennsylvania," *Proceedings of the American Philosophical Society* 133, no. 2 (1989): 234-261; statistics are on p. 239 and 248-249, t. II; comparisons between English landholders' use of inmates and German farmers' use of family labor are made on p. 243.

<sup>33</sup> This is implied by Sharon V. Salinger, *To Serve Well and Faithfully': Labor and Indentured Servants in Pennsylvania, 1682-1800* (Cambridge, Eng., 1987).

<sup>34</sup> Carville Earle and Ronald Hoffman, "The Foundation of the Modern Economy: Agriculture and the Costs of Labor in the United States and England, 1800-1860," *American Historical Review* 85, no. 5 (Dec 1980): 1055-1094.

shaped by existing social-structural conditions. The Delaware Valley and adjacent New Jersey (identified by Diane Lindstrom as Philadelphia's "Eastern Hinterland") underwent a relative decline in agriculture and increase in manufacturing, mainly in workshops and small factories, between 1810 and 1840. West of Philadelphia, however, the rural economy shifted in the opposite direction. Per capita income from agriculture, including mixed farming and dairying to supply the Philadelphia market, grew; income from manufacturing, on the other hand, fell. Under pressure from the decline in wheat exports and the growth of Philadelphia's urban population the different parts of the region began to specialize, creating an integrated regional economy by the 1840s.<sup>35</sup>

Market shifts help explain the reasons for change in the Philadelphia region, but social-structural factors do more to show us why change took the forms that it did. The "Eastern Hinterland" had already enjoyed a degree of diversification in the eighteenth century, as large landowners and merchants sought to avoid excessive dependence on a single export crop.<sup>36</sup> As in many parts of New England diversification stimulated by employments and preserved attachment to the land; the 1820 census recorded over three-quarters of the Eastern Hinterland's workforce as primarily engaged in agriculture. However, population densities were relatively high and access to land increasingly difficult. As in New England, merchants and entrepreneurs were able to draw an increasing proportion of the rural labor force into manufacturing, concentrated particularly in urban areas or factory villages.<sup>37</sup> In the "Western Hinterland," however, where population densities were lower, and outmigration to other parts of Pennsylvania increased, manufacturing

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<sup>35</sup> Lindstrom, *Economic Development*, ch. 5, esp. pp. 122-138.

<sup>36</sup> Thomas Purvis, "Economic Diversification and Labor Utilization among the Rural Elite of the British Mid-Atlantic Colonies: A Case Study from the Delaware Valley," *Histoire Sociale/Social History* 19 (May 1986): 57-71.

<sup>37</sup> For example, many of the twenty families recruited to work at the Parkmount Mill, Delaware County, Pa., in 1832 appear to have moved from other parts of Philadelphia's "Eastern Hinterland": Wallace, *Rockdale*, pp. 171-177.



took a different path. Although it occupied a larger proportion of the labor force than in the East, almost thirty percent in 1820 and slightly less in 1840, production remained much less concentrated in factories and manufacturing income per capita (a rough reflection of productivity) fell, both relatively and absolutely.<sup>38</sup> While the eastern part of the region evolved, with Philadelphia, into a significant manufacturing area, much of the western part retained an older balance between farming and the local manufacturing trades that complemented it.

The Philadelphia region's industrial evolution was shaped by a combination of market pressures with social-structural factors reaching back into the eighteenth century, including inequalities of wealth and landholding, the inmate system, immigration and the growth of Philadelphia's own working population. These factors explain why there was a much smaller reliance here than in New England on rural outwork as a part of the evolution of capitalist industry, and why -- in other words -- the transition to urban or factory-based production was more rapid and comprehensive.

Recent studies of rural household-based textile production in eighteenth century southeastern Pennsylvania reveal patterns of local interdependence and exchange broadly comparable with those in New England, but with important differences related to the region's market connections and social structure. Wool and flax yarn was widely spun by women in farm households; about three-fifths of decedents' inventories listed wheels. As in New England, too, weaving was more specialized; fewer than one-tenth of households had looms. In English-settled regions of Pennsylvania, however, weaving was done mostly by European immigrants, often Irish or German, who combined this work with seasonal labor on wheat farms or with mixed farming on land they purchased or rented to cultivate for themselves. These men's kinship and other social ties to the local population were weaker than those of their counterparts in New England, and they were responsible for supplying a smaller proportion of the rural community's total demand for cloth; income from wheat enabled luxury cloths and cheap stuffs for servants' clothing to be purchased from the

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<sup>38</sup> Lindstrom, *Economic Development*, p. 139, t. 5.7, p. 146, t. 5.9.

international market.<sup>39</sup>

The dislocations of the American Revolution, shifts in the grain trade, rural inequality and the proximity of Philadelphia all exerted pressure on this system in the late eighteenth century. Whereas household weaving intensified in New England, and shifted increasingly within households to become a responsibility of women, the division of labor in the Philadelphia region evolved differently. Weavers facing land-shortage and without local kinship ties were drawn into rural weave-shops organized by merchants, or migrated to find work in the city, forming the nucleus of a handloom industry which would grow rapidly in the early nineteenth century. Farm women supplied yarn to local weave-shops, but already by 1810 the per capita value of household textile manufacture was lower in the Philadelphia hinterland than in many parts of rural New England. An increasing number of rural households shifted their efforts towards production of crops or dairy goods for sale in the city, dairying in many cases becoming a direct substitute for spinning in the work of farm women.<sup>40</sup> When early factory owners erected mechanized spinning mills on local creeks, and sought weavers to sell their yarn on to, it was to rural weave-shops or Philadelphia handloom weavers, not to farm households, that they turned for labor.<sup>41</sup>

Philadelphia's position as a magnet for local and international migrants made the recruitment of labor for urban handloom weaving or factory production relatively easy, and as the city's population continued

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<sup>39</sup> This paragraph draws on evidence presented by Joan M. Jensen, *Loosening the Bonds: Mid-Atlantic Farm Women, 1750-1850* (New Haven, 1986), esp. pp. 21-22, 37, 49-50, 54; and, more particularly, Adrienne D. Hood, "The Organization and Extent of Textile Manufacture in Eighteenth-Century Rural Pennsylvania: A Case Study of Chester County," *Journal of Economic History* 50, no. 2 (June 1990): 434-436; idem., "The Gender Division of Labor in the Production of Textiles in Eighteenth-Century Rural Pennsylvania (Rethinking the New England Model)," *Journal of Social History* 27, no. 3 (1994): 537-561.

<sup>40</sup> Jensen, *Loosening the Bonds*, p. 87.

<sup>41</sup> Examples are cited in Wallace, *Rockdale*, p. 164.

to grow labor was also available for industries other than textiles.<sup>42</sup> Demand for the labor of rural outworkers was therefore weaker than in New England, where the structure of rural occupations and lower rates of immigration from abroad stimulated it up to the 1840s. At the same time, it is likely that a combination of circumstances made rural districts in any case less amenable to the creation of putting-out systems. Cash-crop production on farms reduced the pressure on rural merchants to seek exchange goods by putting work out to farm families. As we saw, many women in the Philadelphia "butter belt" devoted their energy to dairying. Finally, the social structure of Pennsylvania farm regions, with its prosperous farmers and dependent inmates or laborers, reduced the proportion of relatively poor landowning farm families which, at certain stages in their life-cycle, undertook much of the rural outwork in New England.<sup>43</sup>

#### IV

The expansion over the eighteenth and nineteenth centuries of the exchange of goods, labor and services according to coordination provided by the price mechanism played a significant role in American economic growth. Such exchanges not only became more common, but played an increasingly important role in peoples' lives, so that the "market economy" in general, as well as differentiated markets in particular goods and services, became itself a way of life. But the effects of settlement cycles, the diversion of capital, and social structures are essential to understanding how sectors of the American economy developed. These factors interacted over time to create the structural conditions within which production and market activities were shaped.

There was no single "market" ideology that governed these developments over a long period of time.

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<sup>42</sup> For a study of factories recruiting heavily from among immigrants, see Shelton, *The Mills of Manayunk*, passim.

<sup>43</sup> The New England evidence is in Dublin, "Rural Putting-Out Work," esp. 545-546, 555, 558-559; see also idem, *Transforming Women's Work*, ch. 2.

As the economy evolved, so perspectives on its potentialities inevitably changed too. Many eighteenth-century discussions of markets assumed that commercial expansion would essentially lie in American overseas trade; the internal market-deepening that so characterized the nineteenth century economy was not easily envisaged. Many early advocates of manufacturing and rural development also couched their ambitions in local, rather than long-distance terms. Manufactures would be rooted in domestic economy, and designed to meet its needs, rather than the abstract demands of a wider market for industrial goods.<sup>44</sup> Only over time did these international and domestic visions merge.

Market developments were in turn shaped by political and cultural contexts. James Madison's adaptation, in the *Tenth Federalist*, of Adam Smith's concept of the invisible hand to evoke a vision of a large republic in which the varied interests and ambitions of its many citizens competed, was a solution to the dilemma posed to the advocates of a strong federal government by the existence of such manifestly diverse regional economic systems in early America. Concepts of laissez faire proved popular among social groups seeking to break out of the constraints of older rural social systems in the post-revolutionary period, but they also set up important lines of conflict and resistance to change as the nineteenth century progressed. Settlers and squatters on new land used their political power to secure rights against the claims of landlords and speculators. Artisans and industrial workers started to resist the power of entrepreneurs and manufacturers who sought to control their labor, or whose competitiveness squeezed them out of markets for their goods.<sup>45</sup> Opponents of neo-feudal tenancies in New York, of chattel slavery in the South, and of truck payments and other constraints on workers in mining and manufacturing, all used free-market, free-

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<sup>44</sup> For example, Robert R. Livingston, *Essay on Sheep* (New York, 1809), emphasized that wool would clothe farmers and their families.

<sup>45</sup> Charles Sellers, *The Market Revolution: Jacksonian America, 1815-1846* (New York, 1991).

labor language and ideology to attack their adversaries.<sup>46</sup> But this language and ideology was never stable, and even as groups used it to form their own perspectives on economic practices and institutions, they frequently attached other concepts that sought to restrain the "free" interplay of market forces. Expansion and development in the nineteenth century were also strongly influenced by government action -- by federal land policies and military assistance in the conquest of the West, by infrastructure investments and tariff policies, and by the evolution of a legal system and judicial ideologies favorable to new economic activities.<sup>47</sup>

Moreover, the historian William N. Reddy has argued that markets should not be understood as arenas of "free" exchange of products and money, but as systematic institutional structures, with disciplinary influences, rewarding and punishing particular actions.<sup>48</sup> Discussions of labor markets that focus on the price of labor as an index of well-being overlook the extent to which members of labor-forces were often placed in dependent power relationships to others. Large proportions of agricultural and other work forces held dependent status of some kind: as slaves, as servants, as women or children of these or of independent proprietors or wage-workers. "Freedom" was closely bounded by gender, race and legal status, and by the ability to control property. Even wage laborers, the most rapidly-growing segment of the nineteenth-century workforce, traded an emerging freedom to accept and quit employment at will against subjection to the stringent disciplinary authority of employers at the place of work.<sup>49</sup>

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<sup>46</sup> Bruegel, "Rise of a Market Society," conclusion; Thomas L. Haskell, "The Market and the Rise of a Humanitarian Sensibility," *American Historical Review* (1985); Christopher Clark, "The Truck System in Nineteenth Century New England," in Rosemary Ommer, ed., *Merchant Credit and Labour Strategies in Comparative Perspective* (Fredericton, N.B., 1990).

<sup>47</sup> Jonathan R.T. Hughes, *The Governmental Habit Redux: Economic Controls from Colonial Times to the Present* (Princeton, 1991); Christopher L. Tomlins, *Law, Labor and Ideology in the Early American Republic* (Cambridge, Eng., 1993).

<sup>48</sup> William N. Reddy, *Money and Liberty in Western Europe: A Critique of Historical Understanding* (Cambridge, 1987), ch. 3.

<sup>49</sup> Tomlins, *Law, Labor and Ideology*, ch. 8.

Family, kin, neighborhood and the necessities of maintaining honor, reputation and credit within market economies also helped shape the character of trading and imposed institutional constraints on "freedom" and the price mechanism. Neighborhood, kinship and ethics of restraint continued to structure rural dealings in the nineteenth century, even though these could be, as Daniel Vickers has pointed out, occasions of stress and conflict as well as of harmony.<sup>50</sup> Commercial relationships were also determined by the need to deal with risk and uncertainty, by preference for the known over the unknown, and by repeated attempts – from the formalities of eighteenth century commercial correspondence, to the uses of marriage and kinship among mercantile groups, to the invention of credit-reporting -- to recreate characteristics of face-to-face dealing in increasingly far-flung, rapidly-changing markets.<sup>51</sup> Risk and uncertainty, together with the antagonistic interests of buyers and sellers in the marketplace, gave rise to an extensive folklore (or joke-lore) about trading transactions, that accumulated over the first half of the nineteenth century, and provided a rich vein of humor for writers, editors and showmen to exploit. So pervasive were popular claims about the misdoings of merchants, for example, that a trader selling up his business in Millbury, Massachusetts, in 1843, could make a joke of it himself. Along with the stock and fittings of his store, he offered for sale "a valuable library, containing various treatises on . . . the arts of lying and swindling, with manuscript notes, illustrating the extensive and successful practice of the subscriber," and "a large lot of soft soap, in bars, with trowels for applying the same."

Its pervasive influence on consciousness denoted the growing hegemony of the market, but we should also note that this had limits. Periods of boom and depression gave rise to repeated demands, from different directions and in different forms, for bounds to be placed on market hegemony, and for moral or political

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<sup>50</sup> Clark, *Roots of Rural Capitalism*, esp. ch. 3; Vickers, "Culture and Competition."

<sup>51</sup> On risk and failure, see Toby L. Ditz, "Shipwrecked: Or, Masculinity Imperiled: Mercantile Representations of Failure and the Gendered Self in Eighteenth Century Philadelphia" *Journal of American History* 81, no. 1 (1994): 51-80; Clark, *Roots of Rural Capitalism*, ch. 6.

regulation of some of its behavior or effects. By the late nineteenth century, also, the evolution of corporations, managerial capitalism, the structures of big business and the power of state institutions, were removing significant areas of economic decision-making from the domain of the market to that of organizations.<sup>52</sup> "The market," in other words, was not a universal influence on American economic development. Like everything else, it had a history.

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<sup>52</sup> William Lazonick, *Industrial Organization and the Myth of the Market Economy* (Cambridge, Mass., 1991); Naomi R. Lamoureaux, *The Great Merger Movement in American Business, 1895-1904* (Cambridge, Eng., 1985).